

Memorandum

MIAMI-DADE
COUNTY

Date: March 10, 2005

To: Honorable Chairman Carlos A. Gimenez,
and Members, Regional Transportation
Committee

From: George M. Burgess
County Manager

Subject: March 2005 Monthly Progress Report Aviation Department

RTC
Supplement to
Agenda Item No. 1(E)1

Attached please find the March 2005 Monthly Progress Report for the Miami-Dade Aviation Department.



Assistant County Manager

AVIATION DEPARTMENT

Following is the Miami-Dade Aviation Department's (MDAD) goals and objectives report for the March 10, 2005 Regional Transportation Committee meeting. This initial report focuses on newly established goals and objectives for the Aviation Department and, although lengthy, the report establishes the foundation for subsequent reports.

GOALS AND OBJECTIVES

1. Maximize General Aviation (GA) Activities and Development Potential

The general aviation airports as a group are currently operating at an annual loss. More importantly, these airports possess a great deal of untapped potential and are not meeting the needs of current users. A year ago, the Department prepared a business plan that outlines the path for these airports to reach their potential in revenues and aviation services. A priority for the Department has been to meet with tenants, assess current facilities and conditions at these airports, identify obstacles facing the airports, and strive to bring development opportunities to fruition.

On February 7th, MDAD participated in a Kendall Federation of Homeowners Town Hall meeting to discuss the potential for a 1,800-foot runway at Kendall-Tamiami Executive Airport (TMB). This runway extension is critical for the Airport to fully develop as an executive airport. The runway extension should also help the airport to be a good neighbor by allowing aircraft to achieve higher take-offs and reduce the noise over the surrounding community.

At Homestead General Airport we are currently marketing the opportunity for an additional Fixed Based Operation (FBO) at the airport. These additional services are particularly important during major events such as NASCAR races. We will be issuing an RFP for this opportunity in the Spring of 2005 with the goal of having additional services available by this year's races in November.

At Opa-locka Airport (OPF), Commissioner Jordan met with tenants on February 14th to hear their issues regarding the administration and future of the airport. We have compiled a list of the issues and suggestions provided and are developing an action plan to address these items. On March 3, 2005, the Board adopted a resolution co-sponsored by Commissioners Jordan and Seijas creating an Opa-locka Development Task Force. We look forward to working with the Task Force in defining the future for OPF. The efforts of the Task Force are very timely and extremely important as we are poised to enter into several long-term developments at the Airport:

- JP Aviation has proposed corporate storage hangars by Turnberry and a fixed based operation by Shell Aviation.
- Miami Executive Aviation is ready to commence construction of a corporate jet storage hangar and make long-term investments in its facilities at the Airport.
- CDC through a sublease with Blueside Service is ready to develop cargo parking and warehousing as well as provide FBO services geared toward the general aviation market.

- Opa-locka Flight Line is ready to provide specialized FBO services through Air BP.

At the same time, the developers under the major development leases, Opa-locka Aviation Group (OAG) and Renaissance Airpark are stepping forward and indicating that they are ready to commence development on their sites.

With these competing interests and recent guidance from the Federal Aviation Administration (FAA), we will be working concurrently with the Task Force to develop appropriate leasing policies and development plans as the Task Force defines the future vision for OPF.

2. Improve MIA's Competitiveness

Constant attention to remaining competitive is necessary for the Miami-Dade County System of Airports to thrive. This requires focus on maximizing the ability of the airports to meet their customers' needs, keeping abreast with the dynamic aviation industry, and maintaining the economic health of the airport system.

The airline industry is in crisis. As the airlines make fundamental changes in their business models and operating approaches in order to survive, airports must also reevaluate themselves to make sure that they are providing the services that the airlines need at prices they can afford. This issue is particularly important for MIA as we currently hold the unfavorable distinction of being one of the most expensive airports in the nation. That challenge continues to grow as our Capital Improvement Program moves forward. The new facilities are critical to our future as one of the nation's premiere international gateways. However, controlling costs will be crucial in order to remain competitive. We have all heard about the dramatic growth of low cost carriers at Fort Lauderdale Airport while traffic at MIA has been relatively flat. Other airports with new international facilities and much lower airline charges are also actively working to take away some of MIA's share of international passenger and cargo markets.

The estimated debt services and operating expenses for the next ten years are currently expected to grow at a rate that will cause our charges to the airlines to double over the next ten years.

The FY 2006 budget is going to be a critical first step for the Department to protect our future. We have submitted our preliminary budget, but I have asked all Assistant and Associate Directors to go back and work with their divisions to review their processes and internal structure, and to generate ideas on how we can provide the necessary services to our airline customers and passengers, but in a more efficient manner. I have asked them to think out-of-the-box, look at establishing cross-divisional teams, and use any other approach that will bring our operating costs down.

3. Improve Customer Service

We have currently implemented 13 airport-wide customer service initiatives, the majority of which arose from a joint task force comprised of Board members of the Greater Miami Convention & Visitors Bureau and Miami-Dade Aviation Management staff. The initiatives arose from customer comments and four focus groups of airport employees that were conducted. The groups included employees from the

Federal Government (U.S. Immigration, Customs, USDA, TSA), Airlines, Concessions, and Miami-Dade Aviation and its Management Contractors (parking, janitors etc.). The initiatives include:

1. Creating a Customer Service Theme – My MIA (May I Assist).
2. Equipping employees with easily updated informational guide. Over 14,000 guides were distributed to employees last year.
3. Implementing a mandatory 30-minute airport customer service orientation during an employees' I.D. process. Over 7,000 airport-wide employees went through this program in 2004.
4. Implementing a customer service training program for new employees. Creating and distributing a new taxi guide, complete with information on taxi fares within the Miami-Dade County area. About 30,000 guides are distributed each month.
5. Hosting a monthly employee recognition program to recognize employees from throughout the airport for going beyond the call of duty.
6. Conducting twice annual passenger terminal surveys to monitor customer service progress.
7. Developing secret shopper program based upon trial sessions that have been completed.
8. Refining comment card process to quickly identify and correct problems. Last year we addressed 711 customer complaints from comment cards.
9. Conducting customer service motivational sessions with employees from U.S. Immigration, U.S. Customs and TSA enforcing the synergy between effective law enforcement and customer service excellence.
10. Developing and implementing, in collaboration with Johnson & Wales University, a "Gold Standard Customer Service Training Program" for employees airport-wide, which for MDAD employees is combined with the County Service Excellence Training.
11. Implementing a Volunteer Information Program (VIP) that currently has 60 volunteers who assist passengers 7 days week/12 hours a day. These volunteers provided more than 14,900 hours of service to the public in 2004.
12. Conducting ongoing task force meetings comprised of airport managers to address specific areas of improvement, as guided by the passenger surveys, to bring about improved customer service scores from our passengers.
13. Conducting annual employee-of-the-year ceremony in December of each year, recognizing the best of the best. Last year's winner, a cleaning lady, went through twenty bags of trash before finding the engagement ring of a passenger whom she was helping.

4. Expedite Completion of Capital Improvement Program (CIP)

The \$4.8 billion CIP includes expanding the airfield, the terminal and landside facilities to provide additional capacity and enhance the efficiency of existing facilities. Of the \$4.8 billion total CIP, approximately \$1.5 billion has been completed and is in use. Construction is progressing on \$2.8 billion worth of contracts and \$0.5 billion worth of projects are in planning, design, bid and award phases.

The South Terminal Development (\$850 million), North Terminal development (\$1.5 billion) and Total Airport Management Systems (TAMS) (\$97 million) are three major programs currently under construction in addition to many smaller projects. South Terminal construction is progressing at the scheduled pace and opening is projected for spring of 2006. North Terminal completed and opened 9 new gates in 2004 but the schedule for the remainder of the program has slipped and is projecting a budget overrun. The County and American Airlines (AA) are engaged in a continuing dialogue to determine and implement new project delivery methods, bid packaging and management structure.

The Total Airport Management System (TAMS) encompasses replacement of obsolete computer and network based IT systems including the following important components: Common Use Terminal Equipment (CUTE), Airport Operation Information System (AOIS), Building Management System (BMS), Public Address System Infrastructure (PASI), Premise Distribution System (PDS).

The MIA Mover consists of an Automated People Mover (APM) system connecting the terminal building to the new Rental Car Facility (RCF) and Miami Intermodal Center (MIC). The project was advertised as a design, build, operate and maintain (DBOM) contract in November 2004 and is expected to be awarded in December 2005. Project completion is scheduled for the end of 2008.

During FY 2003-04, over \$425 million was paid out for completed construction, design, QA/QC inspections and related work.

5. Make MIA and General Aviation Airports Environmentally Friendly

MDAD is constantly looking at new and innovative ways to reduce noise impacts in the surrounding residential areas. By reducing noise we improve the quality of life of neighbors and fulfill our mission.

MDAD currently chairs two Noise Abatement Task Forces (NATF), one for MIA and the other for Opa-locka Airport. These Task Forces are comprised of members of the community and airport users. The NATF play an important role in noise abatement as they represent the voice of the communities. The members are the conduit between cities, homeowner associations and MDAD. By listening to the members, as well as other groups, MDAD can identify the problems and formulate a solution. Certainly all the noise and problems associated with living next to an airport cannot be solved, but many times solutions or a reduction in negative impacts can be found.

The Department is also currently working on a number of other issues in the area of noise abatement. Some examples are:

1. Installation of additional permanent aircraft noise monitors (microphones) in surrounding residential areas. Currently we have 19 monitors in place.
2. Upgrading our Aircraft Noise & Operations Monitoring System (ANOMS). This system allows us to monitor all aircraft activity in Miami-Dade County using our own radar system. ANOMS is a vital tool in identifying aircraft that caused a resident to call MDAD with a noise complaint.
3. Development of Noise Contours specific to our area. A method of determining noise impacts on a community is through a computer-generated program that estimates the noise impact and maps the noise contours for the area. This system, which is used worldwide, is called the Integrated Noise Model or INM. MDAD is in the process of purchasing software that utilizes real-time data from our area to generate noise contours. This new capability will provide MDAD with the capability of knowing exactly what the noise impacts are within our residential areas.

6. Increase MIA's Passenger Traffic

Current Strategies

In late 2002, MDAD embarked on a series of air service development strategies to attract and retain air carriers. MDAD hired a top aviation consulting firm, SH&E, to conduct air service studies. The scope of work includes conducting feasibility studies to determine the potential for new domestic and international service to and from MIA. As prospects are identified through the feasibility studies, a joint presentation is made to the prospect airline by Aviation staff and an official of SH&E. Progress of the air service development program is as follows:

Domestic Air Service Efforts

MDAD and SH&E have strategically conducted air service presentations to four (4) Low Cost Carriers (LCC), including JetBlue, AirTran, WestJet of Canada, and Frontier. JetBlue has indicated that the Miami market cannot be ignored and has indicated that service will be eventually established at MIA. MDAD continues to work with JetBlue, based on a newly proposed start-up date of August 2005. The carrier, however, has not yet solidified its commitment to the date. MDAD also continues periodic contact with the other carriers, looking for new opportunities that the carriers might consider. During 2005, it is anticipated that MDAD will make presentations to two (2) additional air carriers, pending the airlines' willingness to consider such presentations. They are Independence Air and Southwest Airlines.

International Air Service Efforts

MDAD and SH&E have conducted air service presentations to eighteen (18) international carriers since the program's inception. Eighty percent of the current international destinations served from MIA are to Latin American countries.

As such, the local economy is highly dependant upon the Latin economy. MDAD is therefore seeking to diversify and expand its international service links to global markets not currently served from MIA.

We have therefore presented proposals to the following carriers to date:

<u>Africa</u>	<u>Europe</u>	<u>Middle East</u>	<u>Asia</u>
Atlantis (Senegal)	Aer Lingus	Emirates	China Eastern
Kenya	SN Brussels	Royal Jordanian	Cathay Pacific
Nigeria	Virgin Atlantic		Japan Airlines
South African	Finnair		China Airlines (Taiwan)
Royal Air Maroc	LOT (Poland)		
Egyptair			
Eritrean			

For 2005, an additional twelve (12) presentations are in process or in planning stages and proposed to be conducted by year's end. They are as follows:

<u>Africa</u>	<u>Europe</u>	<u>Asia</u>
CivAir (S. Africa)	Pullmantour (Spain)	ANA (Japan)
Afra Air (Ghana)	SAS Denmark	Japan Airlines (2 nd Meeting)
	LOT (2nd Meeting)	Asiana (Korea)
	MALEV (Hungary)	Korean
	Austrian	
	Icelandair	

It should be noted that development of a new international route typically requires an average of three years of planning time, and on occasion, as much as five years, before a foreign carrier commences service on the new route.

Other initiatives to build air service include:

Installation and implementation of Common Use Terminal Equipment (CUTE) at ticket counters and gates to promote access to new entrant carriers and provide the flexibility for MIA airlines to grow.

Teaming with the Greater Miami Convention and Visitors Bureau to develop and offer promotional incentives for new MIA air service.

Planned Enhancements to Current MIA Strategies

Short Term

Waive landing fees associated with all new international routes and all new service to and from all U.S. and Canadian markets for a period up to one year. This would be implemented in a nondiscriminatory manner and in compliance with Federal Aviation Administration (FAA) guidelines. This will serve to:

- Compete with powerful incentives offered by FLL.
- Reduce perceived risk of route expansion prevalent in today's airline environment.

-Optimize passenger traffic before the CIP debt service takes effect to assist in reducing projected cost per enplaned passenger (CEP) from \$30 to \$25 as recommended in the MIA Competition Study prepared by Klaskin, Kushner, Cabeza & Company (KKC) study.

MDAD has finalized a draft of the Air Service Incentive Program (ASIP). A complete report and presentation is planned for the April Regional Transportation Committee (RTC) meeting.

The ASIP has been presented to the airlines serving MIA for review and comments and has undergone considerable changes as a result of recommendations made by MIA's majority-in-interest carriers. The ASIP has also been forwarded to the FAA for its review and approval.

Medium Term

Introduce rental rate differentials to reflect the difference in capital investment in the Central Terminal compared to the North and South Terminals.

Long Term

Strive to match expansion with capacity requirements, building new terminal and concourse facilities only when the demand justifies it. If and when such demand arises, the type of facility developed will reflect the specific demand, including any consideration for modest yet functional concourses that preclude costly adaptations that are unattractive to LLC service.